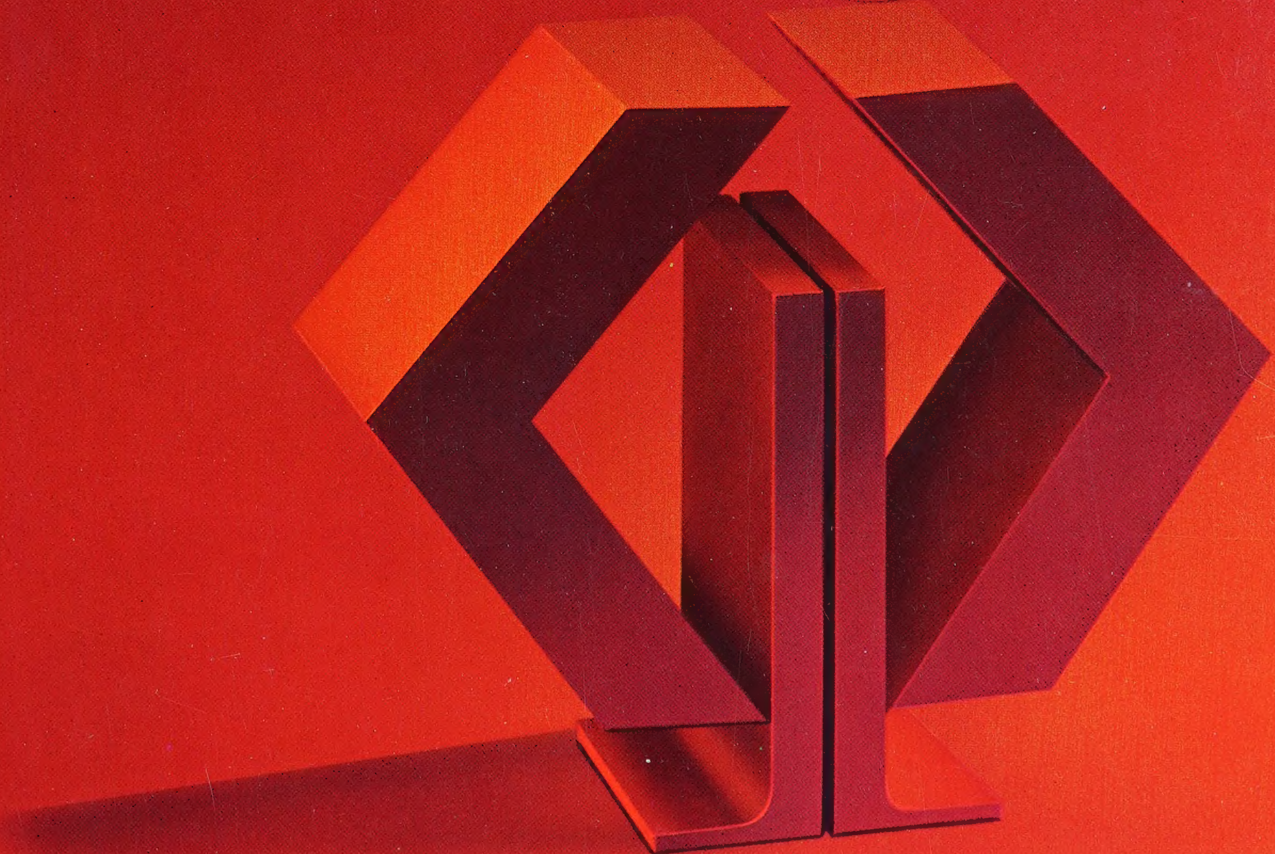
CANADIAN IMPERIAL
BANK OF COMMERCE

Annual Report 1975



CANADIAN IMPERIAL
BANK OF COMMERCE

109th Annual Report

Highlights of the Year

For the year	1975	1974
Revenues	**$ 1,879,295,296**	$ 1,659,133,820
Expenses	**$ 1,616,852,436**	$ 1,453,004,470
Balance of revenue	**$ 262,442,860**	$ 206,129,350
Income taxes	**$ 128,500,000**	$ 104,800,000
Balance of revenue after taxes	**$ 133,942,860**	$ 101,329,350
Appropriation for losses	**$ 40,000,000**	$ 38,000,000
Balance of profits	**$ 93,942,860**	$ 63,329,350
Dividends	**$ 41,111,200**	$ 38,672,400
Per share		
Balance of revenue after taxes	**$3.84**	$2.91
Balance of profits	**$2.70**	$1.82
Dividends	**$1.18**	$1.11
Year-end		
Assets	**$22,259,053,229**	$18,946,881,185
Deposits	**$20,146,033,760**	$17,394,427,310
Accumulated appropriations for losses	**$ 256,825,124**	$ 210,821,954
Total capital funds	**$ 748,198,746**	$ 620,367,086
Shareholders' equity	**$ 573,198,746**	$ 520,367,086
Number of shareholders	**30,842**	31,024
Number of employees	**29,979**	27,696
Number of branches	**1,744**	1,695

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BANK OF COMMERCE

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Report from Executive Management

J. PAGE R. WADSWORTH
Chairman and Chief Executive Officer

State of the Economy

In December, 1974 economic growth in Canada was slowing down and an alarming increase in the rate of inflation was in evidence. The slowdown in the economy continued through much of fiscal 1975, with the early months reflecting the worst performance. A resumption of modest economic growth has begun, although there are significant sectors of the economy where recovery has not taken place or is lagging. Unfortunately, the slowdown in economic performance in Canada was not accompanied by any significant moderation in price inflation, which so far has continued at an annual rate of more than 10%.

Under Bank of Canada policies there was an increase of 18% in the total money supply in Canada in 1975, following the 19% increase in 1974. It is quite obvious that these central bank policies, which were designed to limit the extent of the recession and support a recovery of activity, have also been conducive to an unduly high rate of price inflation. Money supply is not the sole stimulus or depressant to economic activity or price performance. However, it seems clear that the extraordinary increase in money supply over the past few years was a significant factor in creating the circumstances which led to the government's decision to adopt a wage and price restraint program.

Interest rates, which were at historic peaks at the commencement of the fiscal year, dropped sharply towards the end of the first quarter and through the second quarter. This trend reversed in mid-summer when rates, particularly long-term and residential mortgage rates, began to move upwards.

The international environment improved steadily during the year as the balance-of-payments problems of many countries, which were so evident in 1974, moderated and became more manageable. It is difficult at this point to assess whether the world is still caught in a hurricane or is emerging through the gale-force winds on the periphery.

Operating Results

Against this economic and monetary background, it was to be expected that the Bank's financial statement would show a significant increase in the level of assets and deposits, a marked increase in the level of operating costs, an increase in the profitability of domestic operations, more or less in line with asset growth, and an exceptional increase in the profitability of international operations.

Total Assets increased 17% to a record $22 billion. Foreign currency assets grew by 37% and accounted for $1.5 billion of the increase in assets, while Canadian currency assets rose by 12% or $1.8 billion.

Other Loans, including mortgages, rose by $2.4 billion or 22% to $13.3 billion. While this contributed substantially to the rise in assets, the growth rate in such loans was well below the 26% recorded in 1974, reflecting in part the level of economic activity earlier in the year.

There are three additional categories of assets which have changed significantly—cash and due from banks; day, call and short loans; and customers' liability under acceptances, guarantees and letters of credit. Cash and due from banks reflected increased activity in the interbank Eurodollar deposit market, in line with the Bank's expanding international business. Day, call and short loans are used primarily to invest surplus funds, which were higher than desired or normal at this time last year. Finally, acceptances, guarantees and letters of credit indicate a higher rate of usage, particularly of bankers' acceptances, by eligible users.

In the Liability section, Total Deposits were up 16% and exceeded $20 billion for the first time. The growth in money supply largely accounted for increases in domestic deposits throughout the year. Foreign deposits, largely U.S. Eurodollars, were acquired as needed to fund the increase in foreign business.

Capital Funds increased 21% to $748 million. The principal factors in the rise were a $75 million debenture issue and a transfer of $50 million to Rest Account, bringing this account to $500 million, thus improving the capital base essential to our growth.

Total Revenue rose by 13% or $220 million. Income from Loans swelled revenue by $181 million. Income from Securities contributed an extra $7 million, and Other Operating Revenue was up by 28% or $32 million. Some service charges were raised modestly during the year due to inflationary pressures. For several of the more heavily used services, it was the first increase since 1971.

Total Expenses rose by over 11% or $164 million. Of this, interest paid on deposits and debentures accounted for an extra 7% or $69 million. Overall operating costs were up 23% or $95 million, with the biggest factor being the cost of salaries, pensions and other benefits which continued at exceptional rates of increase and ran about $60 million above the previous year.

Any institution in the lending business will eventually experience some losses, but a great deal of attention has been focussed recently on two industries where severe difficulties have come to light—the tanker sector of the shipping industry and Real Estate Investment Trusts.

Due primarily to policy decisions taken some time ago, the Bank has a very modest involvement in the Real Estate Investment Trust business. Similarly, extreme care has been exercised in shipping loans to ensure that those placed on our books are well-secured and of good quality.

The Bank conducts a thorough annual review of all securities and each loan account. Overall loan loss experience has increased gradually in recent years, but it remains well within normally acceptable limits. Consistent with conservative accounting practices, full provision has again been made for identified, foreseeable or possible losses.

Balance of Revenue amounted to $262 million. After providing $128 million for income taxes, there remained $134 million. This was an increase of $33 million after taxes from 1974. Earnings from domestic business were up $20 million or 22%, while international earnings were up $13 million—an impressive gain of 147%. These earnings from operations abroad bolster Canada's balance of payments. Thus, they contribute to the economy as a whole and strengthen the capital base of the Bank.

A most significant factor in the year's improved Balance of Revenue was a beneficial change in the mix of both assets and liabilities. For example, the Bank was able to respond to the strong demand for consumer and mortgage loans and these categories have expanded significantly. It is also noteworthy that the Bank approved about $1 billion in residential mortgage loans this year and was one of the largest factors in this market.

The overall performance made it possible to increase dividends from $1.11 to $1.18 a share and they are currently being paid at an annual rate of $1.28 per

share. Total Shareholders' Equity, Debentures and Reserves now exceed $1 billion for the first time.

Profit in Perspective

This year, for the first time, we have disclosed the extent to which earnings were derived from international business and from domestic business. Our purpose is to indicate the growing importance of the Bank's international business, where earnings were much improved over those for the previous year. Our domestic earnings were also higher, due to rapid growth in the money supply and changes in the mix of our assets and liabilities.

As shareholders are well aware, most of the Bank's earnings traditionally have had to be retained in the business in order to increase reserves and build up the capital of the Bank. Constantly increasing levels of reserves and capital are essential as our volume of business and level of assets increase. These build-ups take place in line with the gains in real economic activity and as a result of inflation.

In recent years, despite a relatively low proportion of earnings distributed as dividends to shareholders, retained earnings alone have not been sufficient to maintain reserves and capital at a consistent ratio to either total assets or total deposit liabilities.

As the result of the higher level of earnings this year, we were able to transfer $40 million to Accumulated Appropriations for Losses and $50 million to Rest Account. These transfers had the effect of improving slightly the capital-to-deposit ratio. The reason our depositors, both domestically and internationally, have confidence in us is because they are satisfied there is a sufficient cushion by way of capital to ensure that major losses, if they occur, will not impair the value of the funds entrusted to us. This is the primary role of bank capital. The investment of our shareholders, which includes, of course, the accumulation of retained earnings, creates this cushion or margin of safety.

The Canadian banking system is one of the soundest in the world and its record for meeting its obligations and contributing to national growth is unparalleled. We have benefited by operating in one of the most stable economies and the Canadian banks, in turn, may validly claim that they have helped make and keep the economy stable. We have had sensible and intelligent regulation from the federal authorities and, so far, we have had adequate capital.

As part of our long-term strategic planning, we have examined the Bank's future capital requirements. Our forecasts are based on certain assumptions and historical relationships, but, nevertheless, we can foresee the very real possibility that the Bank's capital will have to increase by as much as $1 billion to $1.5 billion between now and 1985. We have not been able to foresee the degree to which this additional capital may be generated by retained earnings and what part of it might result from new investment. Either way, it will be obvious to shareholders that enhanced earnings are vitally important—first, as a source of higher retained earnings and, second, as an incentive to investors to participate in the raising of new capital.

It is therefore imperative that, as we grow, we maintain and improve our balance-of-revenue situation. Our first priority, as always, is to keep the Bank sound and adequately capitalized.

International Operations

The Bank's improved performance abroad was made possible by a number of developments which took place during late 1973 and 1974. There was a great deal of uncertainty in international markets, due to the oil crisis and attendant balance-of-payments difficulties in many countries. The situation was aggravated by a few well-publicized failures and foreign exchange losses among financial institutions in foreign countries.

This resulted in a number of significant changes in the marketplace. First, a number of international banks which had been active in Eurocurrency lending withdrew from the field. Second, a more rational approach to assessing risks was adopted by lenders generally, and this resulted in more realistic interest margins. Finally, depositors of Eurocurrencies became more selective in choosing depositories for their funds.

The size and reputation of the Commerce as a strong and well-financed bank enabled us to attract deposits at the very best rates.

These fundamental changes in international banking carried over into 1975. At the same time, market

conditions improved. The balance-of-payments problems became more manageable, reflationary economic policies were adopted in varying degrees by the major industrial nations, and the prospects for an economic upturn became more favourable. As a result, interest rates dropped dramatically, and the volume and quality of international financings improved.

The combination of a higher volume of loans and much improved interest margins led to the results reported to you.

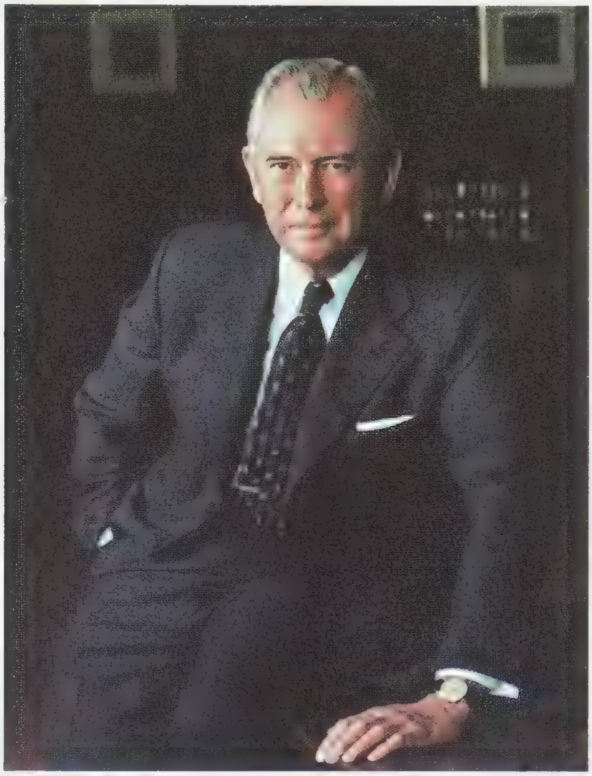
We are pleased with our performance internationally this year, but it must be pointed out that our level of international earnings on average is probably below that of the other Canadian banks. Some of the other banks have been much more active for a longer period of time in the international field.

We believe that our relatively recent emphasis on international business and our results, particularly in the past year, indicate great potential for the Commerce. It was three years ago that we made a management decision to aggressively develop this area of our business. As you will appreciate, this took a serious commitment in capital, manpower and executive attention. The results of our efforts are beginning to have real significance in the overall operations of the Bank.

Although the opportunities to increase our international business are almost unlimited, our policy, to which we intend to adhere, is one of orderly and careful growth.

Expansion of our foreign representation is a continuing priority and today Bank officers are located around the globe. The Commerce is involved in major financing in many parts of the world, usually in association with leading international financial institutions.

In 1975, a Representative Office was opened at Manama in Bahrain to establish our first physical presence in the important Middle East oil-producing area. In 1976, we plan to expand our representation in Latin America, the Middle East and the Far East. In addition, more branches will be opened in the Caribbean, the Bahamas, and on the U.S. west coast.



RUSSELL E. HARRISON
President and Chief Operating Officer

This year the Bank participated in the formation of Kuwait Pacific Finance Company Ltd., incorporated in Hong Kong. It will undertake merchant banking activities involving the re-investing of Middle East oil funds. Also based in Hong Kong is a newly-created, wholly owned subsidiary, Commerce International Finance Company (Asia) Limited, which will become active in the near future.

We are progressing in discussions with the governments of Jamaica and of Trinidad and Tobago regarding our proposals to transfer existing operations in each country to a locally-incorporated bank, with equity participation offered to the investing public. We expect that local incorporation will be accomplished in both countries in 1976, with the Bank of Commerce (Jamaica) Limited becoming functional fairly early in the year.

Canadian Operations

Although our international business is increasing in importance, our principal objective has been, and will continue to be, to provide complete banking service to Canadians.

During the past year, despite a general slowdown in the nation's economic activity, the Bank's domestic business contributed $113 million to Balance of Revenue after taxes. This represents an increase of $20 million or 22%. Average assets employed were 16% greater than in 1974. Our growth in profits, therefore, was primarily attributable to the growth in assets, but there was also some improvement in profit margins resulting from a changed asset/liability mix.

Some investments, such as treasury bills, provide a relatively low yield. Short-term demand loans to business for the financing of inventories and receivables earn less than longer-term loans for buildings and equipment, while fixed-rate consumer instalment loans and mortgages command relatively higher interest rates. The overall revenue from loans and investments depends, not only on the level of interest rates, but also on what proportions are in the higher and lower-yielding categories.

Our secondary reserves consist of Government of Canada treasury bills and day-to-day loans to investment dealers, secured by treasury bills or short-dated Government of Canada bonds. The return on these reserves averages 3% to 4% less than the overall return on our Canadian-dollar loans.

At the beginning of the year, the banks were required to maintain secondary reserves equal to 8% of their Canadian-dollar deposits, but this limit was lowered progressively to 5½% to stimulate economic recovery by directing more bank assets into loans. As a result, Commerce holdings of treasury bills averaged about $70 million less in 1975 than the year before.

Our largest single asset category is made up of almost $7 billion in loans to businesses. This includes thousands of borrowers, ranging from farmers and unincorporated enterprises to companies, large and small. Business loans grew this year by only 11% in contrast with a 27% rate in 1974.

Two factors can be singled out to account for this change. First, loan demand was exceptionally strong in 1974, as business financed substantially higher levels of inventories and receivables, much of it inflation-induced. This year, investment in inventories slowed and, in real terms, has probably been negative. Second, more favourable market conditions in 1975 led corporations to undertake a record amount of long-term financing. The total for the calendar year is expected to reach about $2 billion, or about twice that for 1974.

Our higher-yielding assets recorded much greater growth rates than our business loans. Following a period of marked deceleration in sales of durable goods, particularly automobiles, the market for consumer loans, including Bankplan, Dealer Plan and Chargex, strengthened. As consumer optimism began to return, spending picked up and the net result was that our consumer loan business grew by 22%.

The past year has seen considerable debate over the consumer credit system, its advantages and its abuses. The issue is not one of unlimited credit versus no credit at all. We believe that consumer credit, properly used, can make an important contribution to the economy and the quality of life. Thus, while the present high rate of inflation and unemployment means that caution must be exercised, we shall continue to seek high-quality loans in this area. Essentially, the Bank's lending practices are based on the customer's ability and willingness to repay.

One of the factors affecting our 1975 results was the heavy demand for mortgages, which currently are relatively higher-yielding assets. After a very slow start in the early part of the year, housing construction rallied and our investment in residential mortgages increased by 56% over 1974.

In summary, then, the drop in treasury bill holdings, the moderate growth in business loans, the stronger growth in consumer credit, and the exceptional growth in mortgages combined to improve the overall return on our assets.

Obviously, the larger the proportion of our assets that we have invested in consumer loans, mortgages and other fixed-interest vehicles, the greater the impact on profitability by either an increase or decrease in the rates we pay for deposits.

Turning to the liability mix, there was a marked change in 1975 from the experience of recent years. In 1974, most of the growth in deposits was in the higher-cost term categories, whereas this year the growth in term deposits was only 4%. Over the same period, our savings accounts, which are at about the mid-point of our interest cost range, increased by 25%, while demand balances, which are virtually interest-free, went up by 12%. Government balances attained much higher levels due to the success of the Canada Savings Bonds campaign, but the cost of these funds is also at about the mid-point of the interest rate range.

The net effect of all of this was that revenue from loans went up more than the cost of deposits and, as a result, the Bank's earnings improved.

However, to put this performance in perspective, it should be noted that, despite the improvement in earnings, the after-tax return on Canadian assets was lower in 1975 than the average for the preceding five years, and this was largely due to increased operating costs.

We mentioned earlier the significant impact of mortgage volume on our operating results. During the year, the need to meet the strong demand for housing was confirmed as a pressing national priority. Responding to this challenge, the Bank directly and through its associate, Kinross Mortgage Corporation, provided more residential mortgage funds than any other single source in 1975.

Of the total, more than 39% was directed to new housing and, as evidence of our support, a

R. DONALD FULLERTON
Executive Vice-President and
Chief General Manager

preferential interest rate for this sector was maintained during most of the year.

The Bank endeavours to make its mortgage resources available to as many Canadians as possible by emphasizing loans for middle and lower-priced housing. The average residential mortgage was $33,000, a commitment that can be carried by a family income before tax of just over $16,000. Our overall mortgage portfolio consists of 95% residential and only 5% commercial-industrial. Our policy of uniform rates across Canada means funds are available in many areas of the country at rates lower than would otherwise prevail.

Mortgage lending at this volume creates considerable pressure on Bank resources, both in terms of funding and our capacity to process applications. From time to time, we have been unable, for temporary periods, to satisfy all demands. But the desirability of providing Canadians with adequate housing is, nevertheless, fully recognized.

During the past year, the Income Tax Act was amended to permit Canadians to save for the purchase of a home on a more advantageous basis. This led to the Bank's Home Ownership Savings Plan. This new account, together with our Retirement Savings Plan, is marketed under the SMART theme, an abbreviation for Save Money and Reduce Taxes.

The initial response has been excellent. With the strong savings habits of Canadians, the SMART program is obviously filling a need and will develop into an important component of the deposit funds of the Bank.

Now a few words about our electronic systems capability. It is a key factor in our efforts to provide customers with efficient service and its importance increases dramatically each year. The Bank has been an innovator in this field and we are continually expanding the application of electronic technology to support our human resources. Your management feels strongly that substantial, ongoing progress in this area is a critical factor in our development plans.

Increasing use of computer technology permits us to provide improved services at branches, while exercising close control over related costs. Our personnel are relieved of many routine clerical duties and, thus, can devote more attention to customer service.

We are also broadening our capacity to provide efficient computer-related services, such as cash management systems and payroll services, to business customers.

Just as the application of electronic resources increases our productivity, so too does the modernization and extension of what is already the nation's largest branch system.

During 1975, we opened 55 new branches to serve a variety of communities across the country and now have 1,661 branches in operation in Canada. Our policy of aggressive but well-timed expansion into new and promising locations will continue.

In Halifax, we recently announced plans to participate in Granville Place, a redevelopment project which will feature a 16-storey Bank of Commerce Tower as the new headquarters for the Atlantic Region.

The Commerce Court complex has become fully functional with the completion of extensive renovations to the familiar landmark tower at 25 King Street West, now known as Commerce Court North. Virtually all of the more than two million square feet of rentable space in Commerce Court is leased or under option by tenants or is occupied by the Bank.

Planning and Personnel

Last year's annual report dealt in some detail with certain changes in our management structure. We can now report that, by and large, these changes have worked well and have enabled us to make worth-while progress in the important area of corporate planning. This is essential to ensure that the Bank is properly organized and equipped to cope with the opportunities and complexities of the future.

An example of this type of initiative is to be found in the Project Financing Group here at Head Office. This group includes highly-trained commercial bankers, engineers and other technical experts. Their combined knowledge enables us to formulate comprehensive and sophisticated financing proposals. With so many major natural resource development projects on the horizon in Canada, it is imperative that we continue to strengthen this capability.

Another example can be seen in the expansion of our staff of professional economists into a well-balanced team which can provide management with thoughtful analyses and insights into both national and international economic questions. Canadian Business Conditions, a quarterly summary of economic conditions, and the Commerce Leading Indicator, a composite of 11 historically-tested statistical series, are evidence of our expanded capacity to analyse and forecast economic activity.

Executive management is well aware of the importance of restoring and strengthening the human resources which constitute the Bank's biggest asset. We referred earlier to this year's $60 million rise in payments to our personnel for salaries, pensions and other benefits. Of this, some $25 million was paid out as a result of inflation and took the form of cost-of-living adjustments to salaries. The remainder was due to growth in personnel strength, merit reviews, and major changes in benefit plans.

Benefits, of course, have become an increasingly significant component of compensation for our 30,000 personnel. After a thorough review of our existing plan and a study of others, we introduced a new and much more comprehensive program on September 1, 1975. We believe it is a progressive, fair and flexible package—in fact, one of the best of its kind—and we are confident it will meet the needs of our people.

In addition, further improvements were made during the year to our pension supplement program for retired personnel to help cushion the hardships brought on by inflation.

The Bank believes strongly in the continuing development of its personnel through the provision of first-class training and educational opportunities.

In 1975, some 21,000 personnel participated in courses at our regional training centres and about 500 completed management studies at our central Staff College in Toronto. The Bank encourages and provides financial assistance to those wishing to take outside enrichment courses. The response of our personnel to these incentives has been outstanding. In 1975, almost 2,000 Commerce people were involved in courses organized by the Institute of Canadian Bankers.

As the Bank expands domestically and internationally, there will be an accelerating growth in career opportunities for both men and women. It is noteworthy that the proportion and number of women among our appointed officers (those officers of the rank of Assistant Accountant and above) is steadily increasing. At year-end, they totalled 1,953 or 30% of all appointees. More than 350 of them hold a Bachelor's or Master's degree. Eighty-five branches or banking offices have women managers, an increase of 32 from last year—and, what is more important, many more women officers are equipping themselves for increased responsibilities in the management of the Bank.

In view of the continuing concern expressed by many Canadians about the social role of corporations in society, it is important to reaffirm the Bank's position in this regard.

We recognize our accountability for not only the economic, but also the social and political consequences of our actions. Obviously, one of our prime responsibilities is to produce a profit; otherwise the Bank cannot function positively on behalf of shareholders, employees or the public at large.

It is Bank policy to encourage Commerce personnel to become actively involved in public affairs and community undertakings. Corporately, the Bank initiates and supports many worthwhile projects which reflect our sense of social responsibility. We shall continue to be responsive to changing social demands.

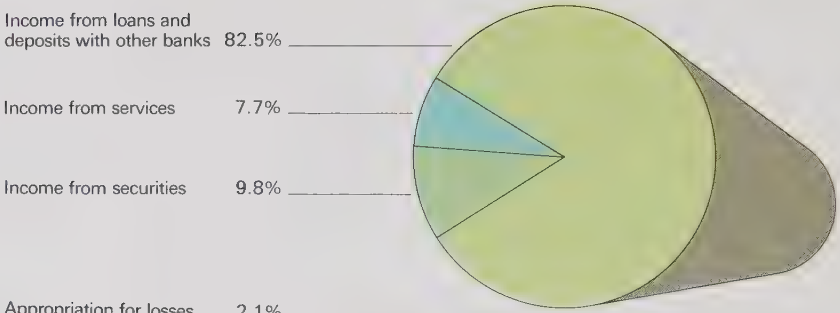
Each year, as our business grows in volume and complexity, new demands are placed on our personnel. They have responded well to the challenge and we commend them for the excellence of their performance.

J. PAGE R. WADSWORTH
Chairman
and Chief Executive Officer

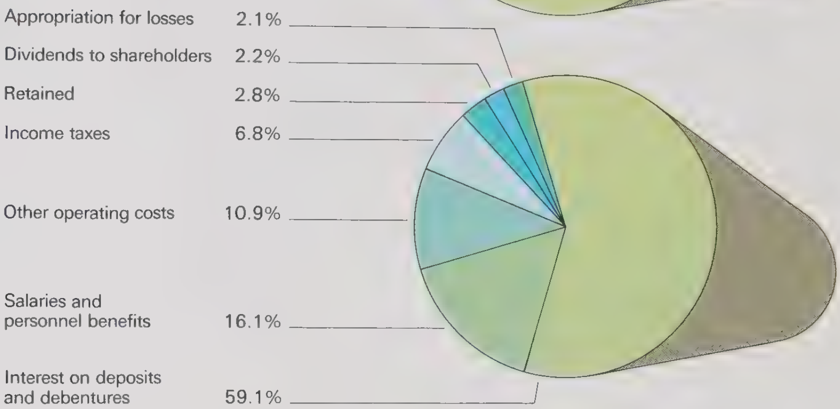
RUSSELL E. HARRISON
President
and Chief Operating Officer

R. DONALD FULLERTON
Executive Vice-President
and Chief General Manager

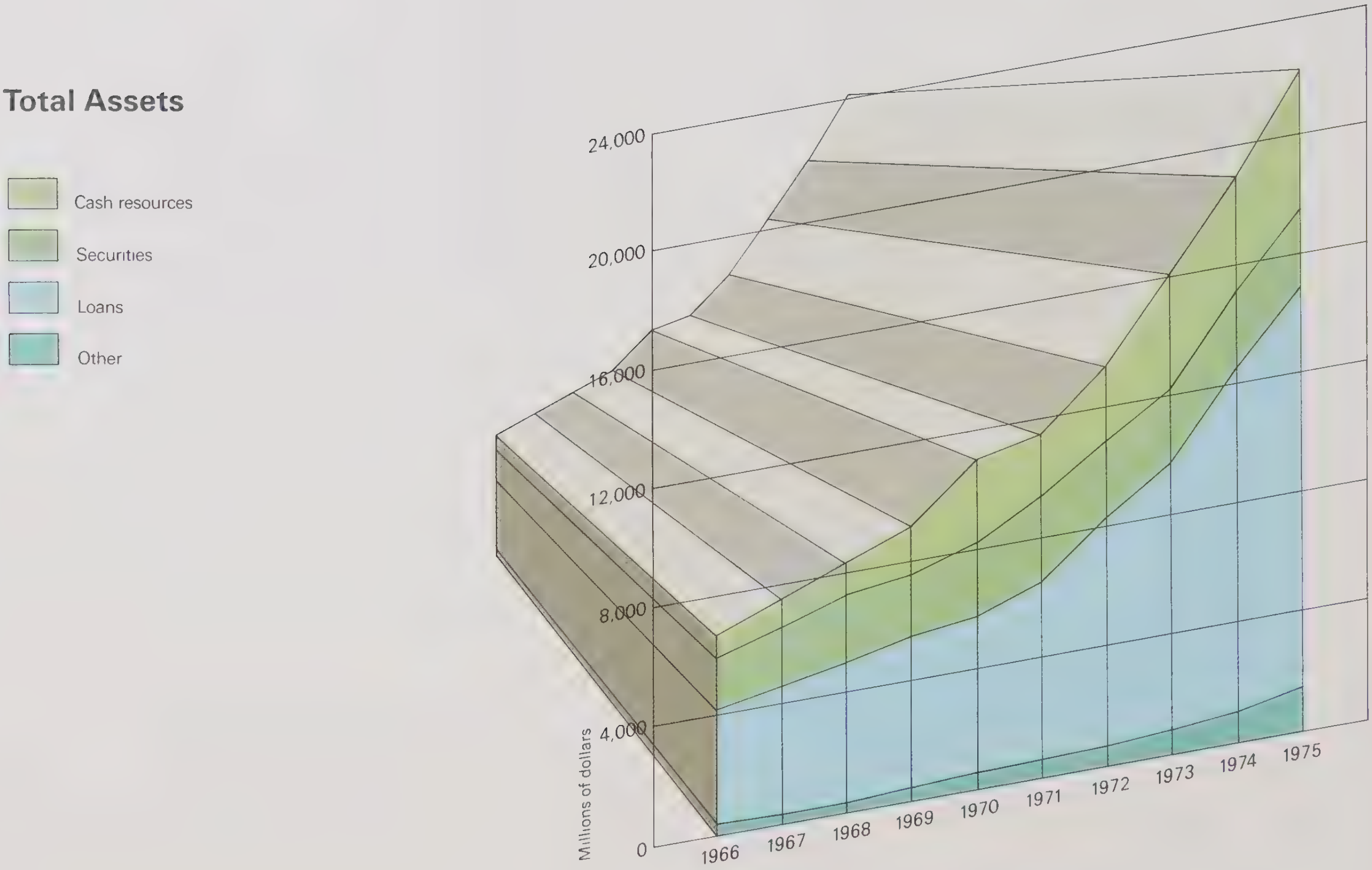
Source of Revenue in 1975



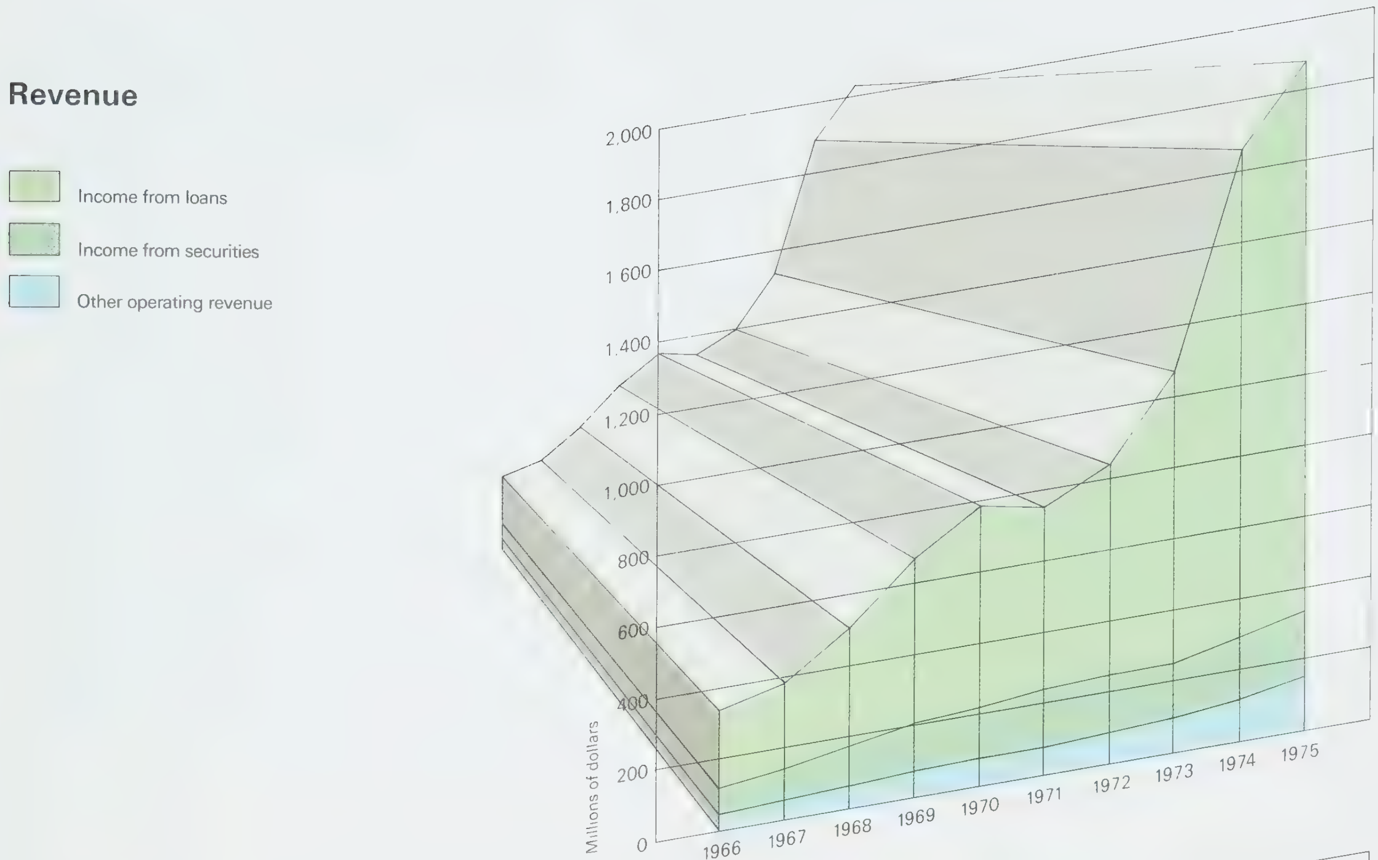
Distribution of Revenue in 1975



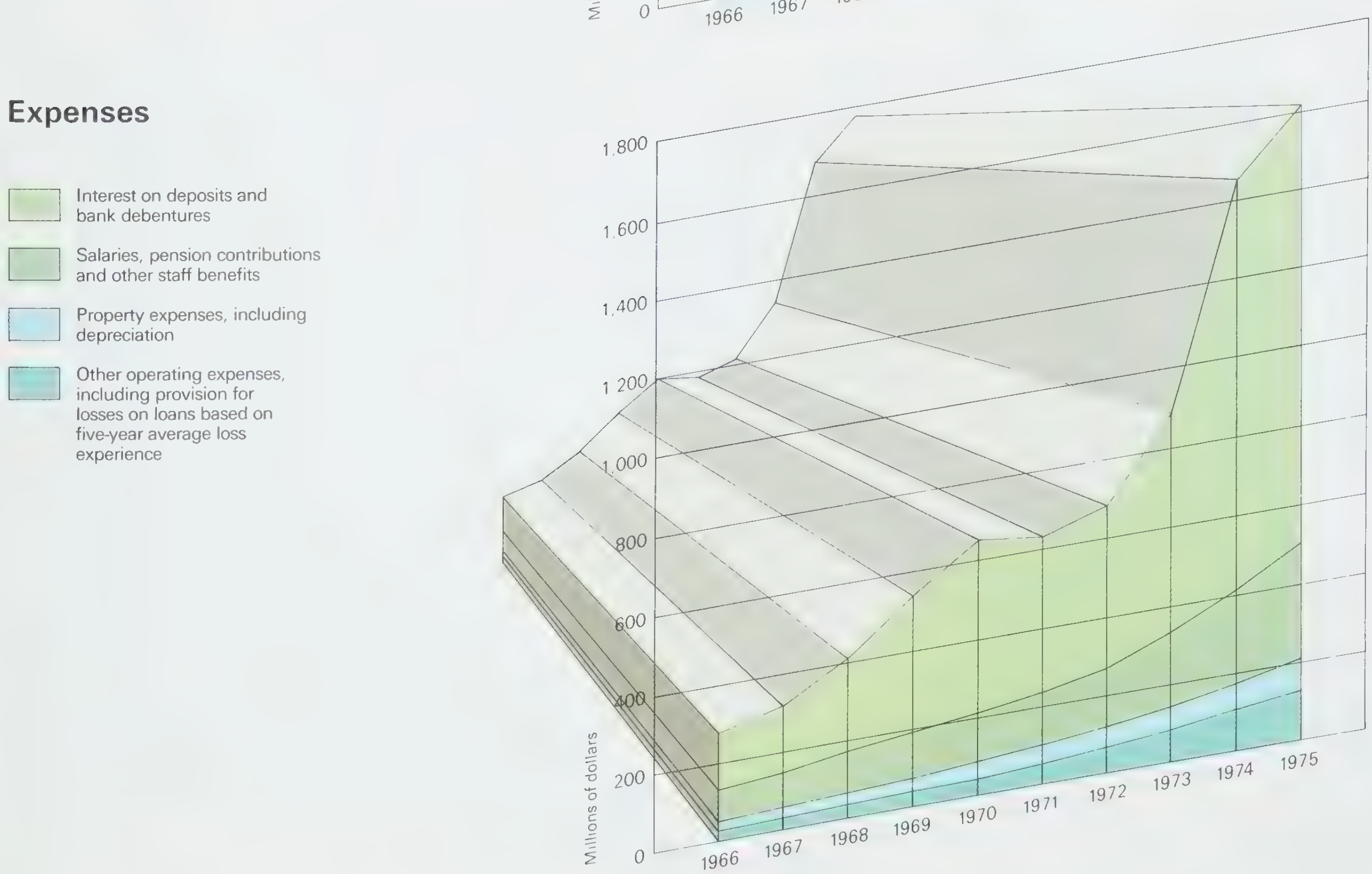
Total Assets



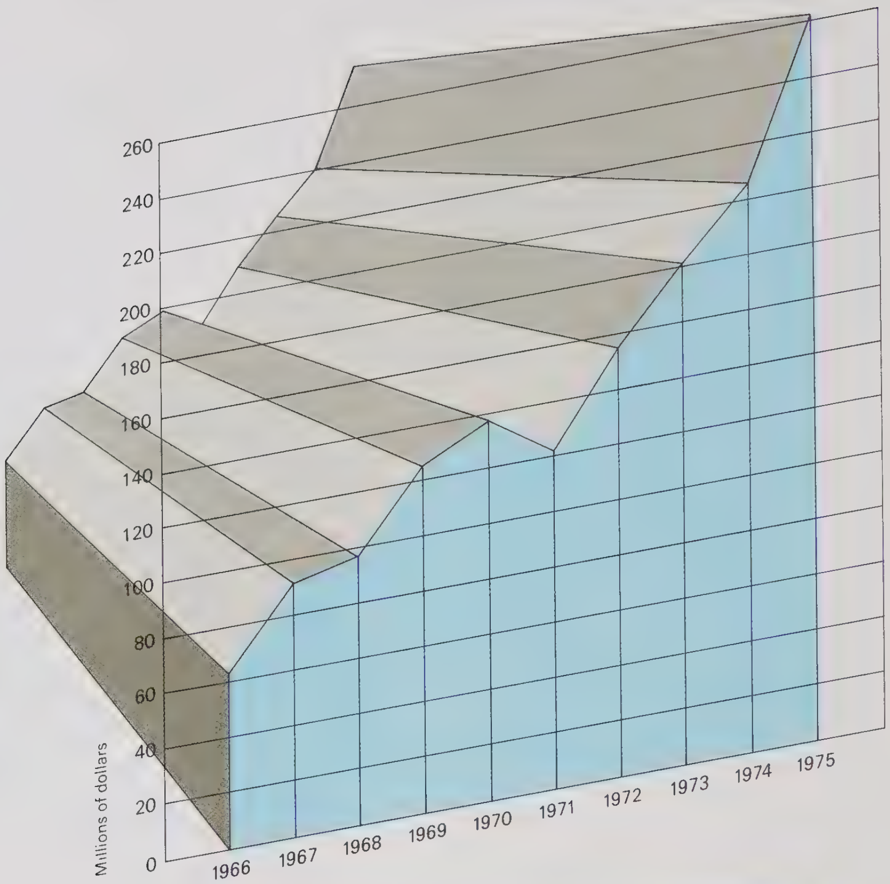
Revenue



Expenses



Balance of Revenue



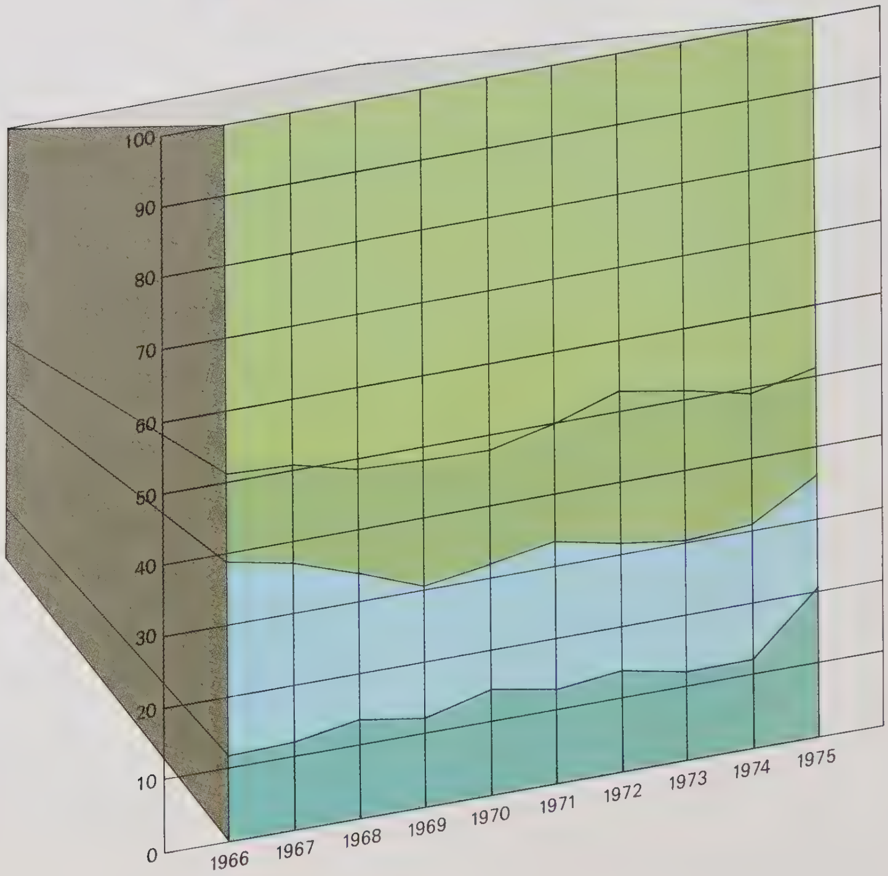
Percentage Distribution–Balance of Revenue

Provision for income taxes

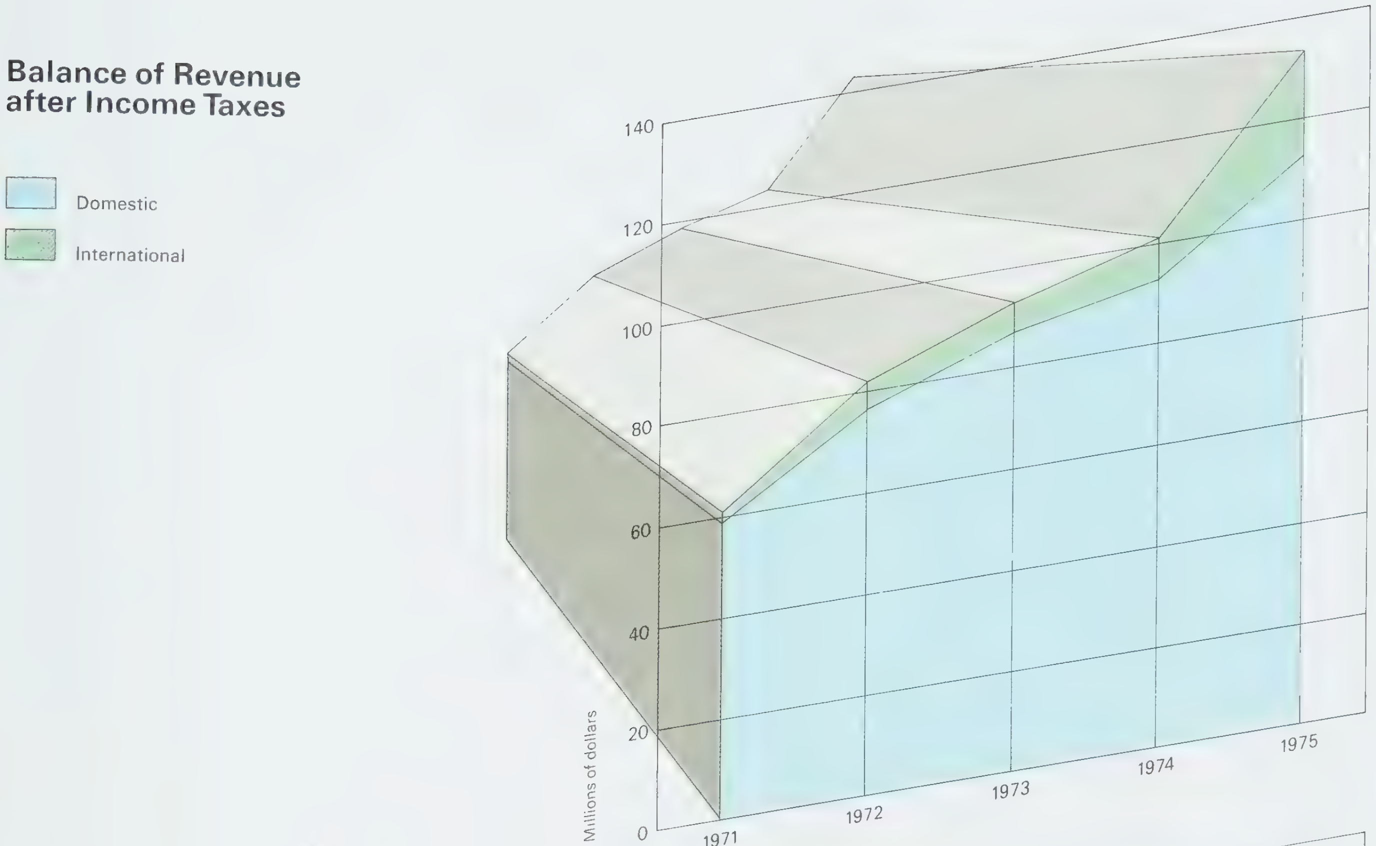
Appropriation for losses

Dividends

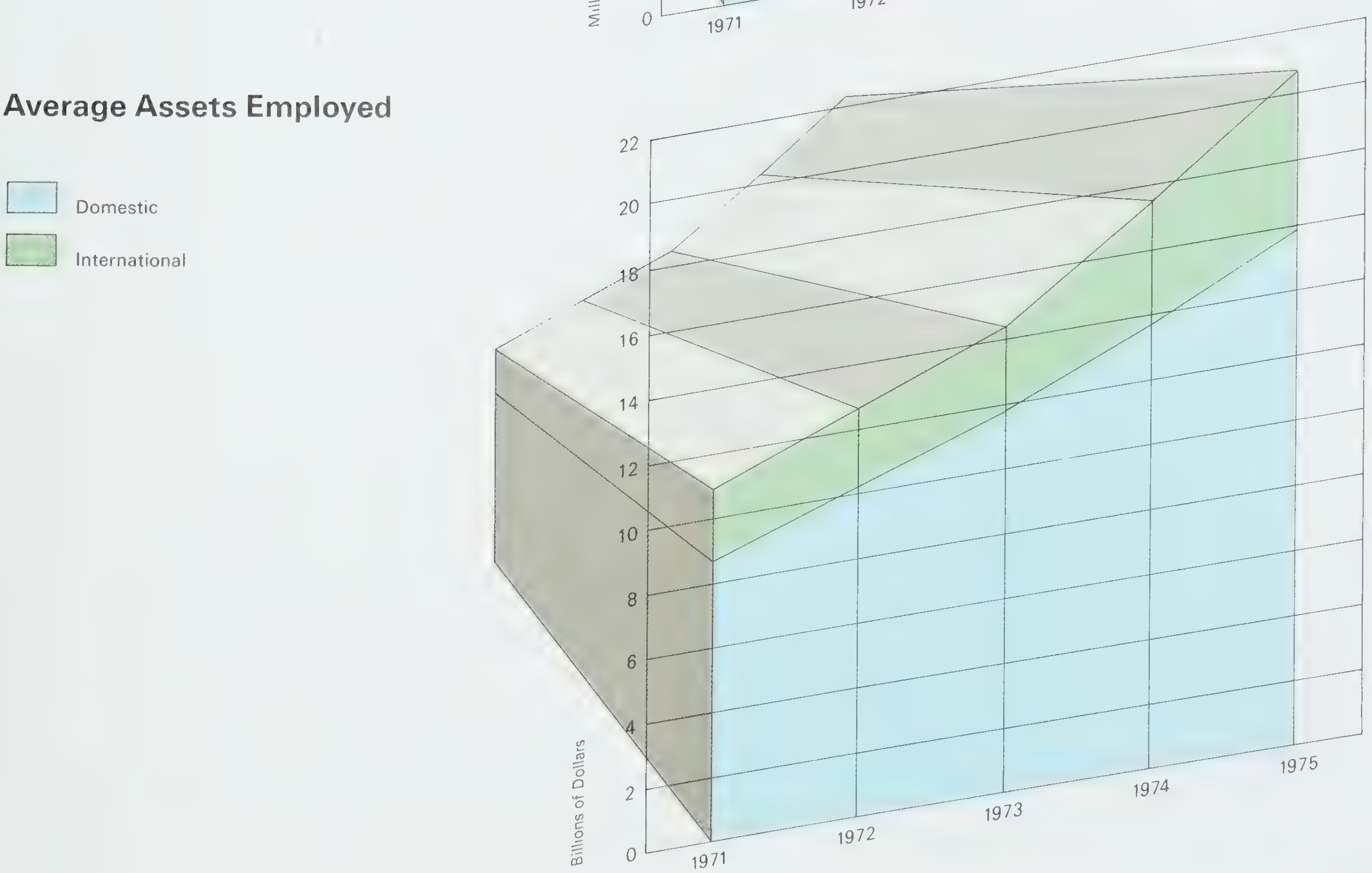
Retained



Balance of Revenue after Income Taxes



Average Assets Employed



CANADIAN IMPERIAL
BANK OF COMMERCE

Statement of Assets and Liabilities

as at October 31, 1975

ASSETS	1975	1974
Cash and due from banks	**$ 4,422,483,850**	$ 3,295,287,155
Cheques and other items in transit, net	**346,961,627**	543,182,861
Total cash resources	**4,769,445,477**	3,838,470,016
Securities issued or guaranteed by Canada, at amortized value	**1,729,602,615**	1,911,404,646
Securities issued or guaranteed by provinces, at amortized value	**113,862,998**	64,191,783
Other securities, not exceeding market value	**695,700,578**	636,229,878
Total securities	**2,539,166,191**	2,611,826,307
Day, call and short loans to investment dealers and brokers, secured	**133,379,944**	561,588,307
Other loans, including mortgages, less provision for losses	**13,355,073,939**	10,948,009,582
Total loans	**13,488,453,883**	11,509,597,889
Bank premises at cost, less amounts written off	**232,365,115**	212,730,210
Securities of and loans to corporations controlled by the bank	**189,733,055**	99,628,385
Customers' liability under acceptances, guarantees and letters of credit, as per contra	**1,018,137,974**	650,092,051
Other assets	**21,751,534**	24,536,327
	$22,259,053,229	$18,946,881,185

See Notes to the Financial Statements

Auditors' Report to the Shareholders

We have examined the statement of assets and liabilities of Canadian Imperial Bank of Commerce as at October 31, 1975 and the statements of revenue, expenses and undivided profits, accumulated appropriations for losses and rest account for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, November 18, 1975.

LIABILITIES	1975	1974
Deposits by Canada	**$ 277,061,569**	$ 288,343,685
Deposits by provinces	**225,110,917**	346,302,456
Deposits by banks	**3,512,727,795**	2,220,880,047
Personal savings deposits payable after notice, in Canada, in Canadian currency	**8,463,958,412**	7,639,337,875
Other deposits	**7,667,175,067**	6,899,563,247
Total deposits	**20,146,033,760**	17,394,427,310
Acceptances, guarantees and letters of credit	**1,018,137,974**	650,092,051
Other liabilities	**89,857,625**	71,172,784
Accumulated appropriations for losses	**256,825,124**	210,821,954
Capital Funds:		
Debentures issued and outstanding (Note 2)	**175,000,000**	100,000,000
Capital:		
Authorized—62,500,000 shares of a par value of $2 each		
Issued—34,840,000 shares fully paid up	**69,680,000**	69,680,000
Rest account	**500,000,000**	450,000,000
Undivided profits	**3,518,746**	687,086
Total capital funds	**748,198,746**	620,367,086
	$22,259,053,229	$18,946,881,185

R. E. HARRISON
President
and Chief Operating Officer

R. D. FULLERTON
Executive Vice-President
and Chief General Manager

In our opinion, the foregoing statements present fairly the financial position of the Bank as at October 31, 1975 and the revenue, expenses and undivided profits, accumulated appropriations for losses and transactions in the rest account of the Bank for the year ended on that date.

A. G. WATSON, F.C.A., of Peat, Marwick, Mitchell & Co.
W. H. BROADHURST, F.C.A., of Price Waterhouse & Co.
Auditors

Statement of Revenue, Expenses and Undivided Profits

For the financial year ended October 31, 1975

	1975	1974
Revenue:		
Income from loans	**$1,551,291,504**	$1,369,984,826
Income from securities	**183,552,658**	176,499,512
Other operating revenue	**144,451,134**	112,649,482
Total revenue	**1,879,295,296**	1,659,133,820
Expenses:		
Interest on deposits and bank debentures	**1,110,768,044**	1,041,991,334
Salaries, pension contributions and other staff benefits	**301,595,695**	241,914,012
Property expenses, including depreciation	**74,637,472**	64,486,423
Other operating expenses, including provision for losses on loans based on five-year average loss experience (Note 1)	**129,851,225**	104,612,701
Total expenses	**1,616,852,436**	1,453,004,470
Balance of revenue	**262,442,860**	206,129,350
Provision for income taxes relating thereto	**128,500,000**	104,800,000
Balance of revenue after provision for income taxes	**133,942,860**	101,329,350
Appropriation for losses (Note 1)	**40,000,000**	38,000,000
Balance of profits for the year	**93,942,860**	63,329,350
Dividends	**41,111,200**	38,672,400
Amount carried forward	**52,831,660**	24,656,950
Undivided profits at beginning of year	**687,086**	11,030,136
	53,518,746	35,687,086
Transferred to Rest account	**50,000,000**	35,000,000
Undivided profits at end of year	**$ 3,518,746**	$ 687,086

Statement of Rest Account

For the financial year ended October 31, 1975

	1975	1974
Balance at beginning of year	**$ 450,000,000**	$ 415,000,000
Transfer from undivided profits	**50,000,000**	35,000,000
Balance at end of year	**$ 500,000,000**	$ 450,000,000

See Notes to the Financial Statements

Statement of Accumulated Appropriations for Losses

For the financial year ended October 31, 1975

	1975	1974
Accumulated appropriations at beginning of year:		
General	**$ 88,865,276**	$108,500,041
Tax-paid	**121,956,678**	96,749,323
Total	**210,821,954**	205,249,364
Appropriation from current year's operations (Note 1)	**40,000,000**	38,000,000
Loss experience on loans less provision included in other operating expenses	**(4,844,085)**	(5,624,487)
Profits and losses on securities, including provisions to reduce securities other than those of Canada and provinces to values not exceeding market. (Net credit in 1975 reflects mainly a partial reversal of provisions made in previous years to reduce carrying values to market values.)	**11,580,180**	(26,772,430)
Other profits, losses and non-recurring items, net	**(732,925)**	(30,493)
Accumulated appropriations at end of year	**256,825,124**	210,821,954
Accumulated appropriations at end of year:		
General	**93,110,582**	88,865,276
Tax-paid	**163,714,542**	121,956,678
Total	**$256,825,124**	$210,821,954

Notes to the Financial Statements

1. A provision on account of losses incurred on loans is included in other operating expenses based on a formula which takes into account the loss experience over the past five years.

In addition to the provision for losses included in other operating expenses, an appropriation is made out of earnings at each year-end to provide for losses not yet known which may be incurred on realization of existing loans, together with possible losses on securities and other assets.

2. Debentures issued and outstanding comprise—

	1975	1974
(a) 7¼% Debentures maturing December 15, 1992 (the holder of any debenture may elect that such debenture mature on December 15, 1978)	**$ 50,000,000**	$ 50,000,000
(b) 7½% Debentures maturing May 15, 1993 (the holder of any debenture may elect that such debenture mature on November 15, 1979)	**50,000,000**	50,000,000
(c) 9¾% Debentures maturing January 2, 1995 (the holder of any debenture may elect that such debenture mature on January 2, 1985)	**75,000,000**	—
	$175,000,000	$100,000,000

3. The financial statements include the assets and liabilities and results of operations of California Canadian Bank, a wholly owned subsidiary.

Statements of Assets and Liabilities of Controlled Corporations

THE CANADIAN BANK OF COMMERCE TRUST COMPANY, NEW YORK

(as at August 31, 1975—in United States Dollars)

ASSETS		LIABILITIES		
Due from banks in the United States of America	$ 2,769,619	Deposits payable		$ 1,967,310
Securities and accrued interest	1,855,024	Accounts and taxes payable		43,942
Loans	325,423	Capital	$1,000,000	
Furniture and fixtures less depreciation	1,988	Reserve fund	1,000,000	
Other assets	29,378	Undivided profits	970,180	2,970,180
	$ 4,981,432			$ 4,981,432

The Bank owns the entire capital stock of The Canadian Bank of Commerce Trust Company with the exception of the directors' qualifying shares, which is included in its statement of assets and liabilities at Can. $2,049,640.

CANADIAN IMPERIAL BANK OF COMMERCE TRUST COMPANY (CAYMAN) LIMITED

including its wholly owned subsidiary companies

(as at August 31, 1975—in Cayman Island Dollars)

ASSETS		LIABILITIES		
Cash and due from banks	$ 3,555,266	Deposits payable		$15,045,872
Loans and mortgages receivable	12,210,312	Accounts and taxes payable		144,086
Fixed assets less depreciation	1,922,416	Capital	$2,250,000	
Other assets	7,983	Undivided profits	256,019	2,506,019
	$17,695,977			$17,695,977

The Bank owns the entire capital stock of Canadian Imperial Bank of Commerce Trust Company (Cayman) Limited, which is included in its statement of assets and liabilities at Can. $2,791,125.

COMMERCE INTERNATIONAL TRUST LIMITED

(as at August 31, 1975—in Pounds Sterling)

ASSETS		LIABILITIES		
Cash and due from banks	£ 891,565	Canadian Imperial Bank of Commerce		£57,559,611
Accounts receivable	709,577	Accounts and taxes payable		1,310,195
Loans	57,330,521	Capital	£ 100	
		Undivided profits	61,757	61,857
	£58,931,663			£58,931,663

The Bank owns the entire capital stock of Commerce International Trust Limited, which is included in its statement of assets and liabilities at Can. $218.

CANADIAN IMPERIAL BANK OF COMMERCE TRUST COMPANY (BAHAMAS) LIMITED

(as at August 31, 1975—in Bahamian Dollars)

ASSETS		LIABILITIES		
Cash and due from banks	$ 1,389,246	Loans		$ 1,115,932
Accounts receivable	26,739	Capital	$ 300,000	
Fixed assets less depreciation	4,458	Undivided profits	4,511	304,511
	$ 1,420,443			$ 1,420,443

The Bank owns the entire capital stock of Canadian Imperial Bank of Commerce Trust Company (Bahamas) Limited, which is included in its statement of assets and liabilities at Can. $310,230.

THE DOMINION REALTY COMPANY LIMITED

Including its wholly owned subsidiary companies
(as at October 31, 1975)

ASSETS		LIABILITIES		
Land and buildings less depreciation	$110,176,586	Canadian Imperial Bank of Commerce		$ 1,850,389
Other assets	125,925	Accrued interest and other liabilities		2,830,201
		Notes payable:		
		1976-1991 (U.S. $38,500,000)		39,320,531
		1981-1991		18,000,000
		Capital	$44,000,000	
		Surplus	4,301,390	48,301,390
	$110,302,511			$110,302,511

The Bank owns the entire capital stock of The Dominion Realty Company Limited, which is included in its statement of assets and liabilities at $44,000,000

IMBANK REALTY COMPANY LIMITED

(as at October 31, 1975)

ASSETS		LIABILITIES		
Land and buildings less depreciation	$ 6,075,178	Canadian Imperial Bank of Commerce		$ 717,763
		Accrued interest and other liabilities		36,812
		First mortgage bonds:		
		Series B, 1976-1980		1,875,000
		Capital	$ 2,750,000	
		Surplus	695,603	3,445,603
	$ 6,075,178			$ 6,075,178

The Bank owns the entire capital stock of Imbank Realty Company Limited, which is included in its statement of assets and liabilities at $2,750,000

AUDITORS' REPORT TO THE SHAREHOLDERS OF THE BANK

We have examined the statements of assets and liabilities of controlled corporations of Canadian Imperial Bank of Commerce as at the dates indicated. Our examinations included general reviews of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying statements of assets and liabilities present fairly the financial positions of the corporations as at the dates indicated.

Toronto, November 18, 1975

A. G. WATSON, F.C.A. of Peat, Marwick, Mitchell & Co.
W. H. BROADHURST, F.C.A. of Price Waterhouse & Co. } Auditors

Ten-Year Statistical Review

(thousands of dollars)

REVENUE, EXPENSES AND UNDIVIDED PROFITS	1975	1974	1973
REVENUE			
Income from loans	**$1,551,291**	$1,369,985	$ 825,824
Income from securities	**183,553**	176,499	148,783
Other operating revenue	**144,451**	112,649	96,128
Total Revenue	**$1,879,295**	$1,659,133	$1,070,735
EXPENSES			
Interest on deposits and bank debentures	**$1,110,768**	$1,041,991	$ 558,454
Salaries, pensions, and other staff benefits	**301,596**	241,914	192,608
Property expenses	**74,637**	64,486	58,190
Other operating expenses	**129,851**	104,613	80,055
Total Expenses	**$1,616,852**	$1,453,004	$ 889,307
Balance of revenue	**$ 262,443**	$ 206,129	$ 181,428
Provision for income taxes relating thereto	**128,500**	104,800	88,500
Balance of revenue after income taxes	**133,943**	101,329	92,928
Appropriation for losses	**40,000**	38,000	38,000
Balance of profits	**93,943**	63,329	54,928
Dividends	**41,111**	38,672	33,446
Amount carried forward	**52,832**	24,657	21,482
Undivided profits at beginning of year	**687**	11,030	9,548
Transfer from accumulated appropriations for losses	**—**	—	15,000
	53,519	35,687	46,030
Transferred to rest account	**50,000**	35,000	35,000
Undivided profits at end of year	**$ 3,519**	$ 687	$ 11,030
PER SHARE (in dollars)			
Balance of revenue, after taxes	**$ 3.84**	$ 2.91	$ 2.67
Balance of profits	**2.70**	1.82	1.58
Dividends	**1.18**	1.11	.96

Note: For purposes of this Review, certain financial statement captions have been abbreviated, and amounts shown for earlier years have bee
restated where necessary to conform to the presentation used in 1975.

1972	1971	1970	1969	1968	1967	1966
$590,428	$516,505	$572,999	$466,308	$328,457	$245,306	$221,761
159,611	162,206	140,297	132,115	115,623	88,933	75,608
84,632	72,853	74,523	69,990	59,663	51,751	42,540
$834,671	$751,564	$787,819	$668,413	$503,743	$385,990	$339,909
$408,392	$393,589	$441,142	$349,892	$238,050	$167,234	$146,216
154,129	138,566	127,289	121,207	105,166	90,493	81,299
53,226	45,599	39,286	33,717	28,725	25,701	24,143
63,694	51,572	43,083	38,346	35,573	31,005	25,526
$679,441	$629,326	$650,800	$543,162	$407,514	$314,433	$277,184
$155,230	$122,238	$137,019	$125,251	$ 96,229	$ 71,557	$ 62,725
73,000	61,300	71,500	65,000	49,600	35,300	30,600
82,230	60,938	65,519	60,251	46,629	36,257	32,125
33,000	20,000	22,000	22,000	13,700	9,681	7,651
49,230	40,938	43,519	38,251	32,929	26,576	24,474
27,872	25,085	23,691	22,994	19,859	18,117	17,072
21,358	15,853	19,828	15,257	13,070	8,459	7,402
8,190	7,337	2,509	1,252	3,182	4,723	2,321
10,000	10,000	10,000	11,000	—	5,000	—
39,548	33,190	32,337	27,509	16,252	18,182	9,723
30,000	25,000	25,000	25,000	15,000	15,000	5,000
$ 9,548	$ 8,190	$ 7,337	$ 2,509	$ 1,252	$ 3,182	$ 4,723
$ 2.36	$ 1.75	$ 1.88	$ 1.73	$ 1.34	$ 1.04	$ .92
1.41	1.18	1.25	1.10	.95	.76	.70
.80	.72	.68	.66	.57	.52	.49

Ten-Year Statistical Review

(thousands of dollars)

ASSETS AND LIABILITIES AS AT OCTOBER 31	**1975**	1974	1973
ASSETS			
Cash resources	**$ 4,769,445**	$ 3,838,470	$ 3,900,2
Securities	**2,539,166**	2,611,826	2,492,9
Loans	**13,488,454**	11,509,598	8,984,5
Bank premises	**232,365**	212,730	196,5
Other assets	**1,229,623**	774,257	527,3
Total	**$22,259,053**	$18,946,881	$16,101,6
LIABILITIES			
Deposits	**$20,146,034**	$17,394,427	$14,801,1
Sundry liabilities	**1,107,995**	721,265	499,5
Accumulated appropriations for losses	**256,825**	210,822	205,2
Capital funds:			
Debentures	**175,000**	100,000	100,0
Shareholders' equity	**573,199**	520,367	495,7
Total	**$22,259,053**	$18,946,881	$16,101,6
ACCUMULATED APPROPRIATIONS FOR LOSSES			
Accumulated appropriations at beginning of year	**$ 210,822**	$ 205,249	$ 188,8
Additions (deductions) during year:			
Current year's appropriation	**$ 40,000**	$ 38,000	$ 38,0
Losses on loans under (over) five-year average	**(4,844)**	(5,624)	(1,3
Profits and losses on securities	**11,580**	(26,772)	(5,3
Other profits and losses, (net)	**(733)**	(31)	3
Provision for income taxes	**—**	—	(2
Transferred to undivided profits	**—**	—	(15,0
	$ 46,003	$ 5,573	$ 16,4
Accumulated appropriations at end of year			
General	**$ 93,110**	$ 88,865	$ 108,5
Tax-paid	**163,715**	121,957	96,7
Total	**$ 256,825**	$ 210,822	$ 205,2

Note: For purposes of this Review, certain financial statement captions have been abbreviated or grouped, and amounts shown for earlier years ha been restated where necessary to conform to the presentation used in 1975.

1972	1971	1970	1969	1968	1967	1966
$ 2,495,251	$ 2,044,230	$ 2,812,703	$1,623,306	$1,014,355	$ 973,993	$ 749,851
2,556,442	2,864,300	2,514,860	2,108,971	2,392,295	1,979,453	1,715,320
7,611,469	5,939,516	5,242,014	5,090,629	4,617,883	4,213,008	3,888,976
180,471	132,646	110,439	88,596	81,009	77,132	75,217
457,178	419,568	370,567	288,478	237,569	237,996	261,278
$13,300,811	$11,400,260	$11,050,583	$9,199,980	$8,343,111	$7,481,582	$6,690,642
$12,205,229	$10,419,308	$10,180,598	$8,397,795	$7,623,000	$6,811,121	$6,024,672
447,535	386,351	320,165	286,435	233,209	227,596	250,792
188,819	166,731	147,803	143,561	140,970	110,003	95,775
—	—	—	—	—	—	—
459,228	427,870	402,017	372,189	345,932	332,862	319,403
$13,300,811	$11,400,260	$11,050,583	$9,199,980	$8,343,111	$7,481,582	$6,690,642
$ 166,731	$ 147,803	$ 143,561	$ 140,970	$ 110,003	$ 95,775	$ 98,525
$ 33,000	$ 20,000	$ 22,000	$ 22,000	$ 13,700	$ 9,681	$ 7,651
(3,811)	(8,653)	(5,359)	1,703	2,746	1,695	847
1,082	18,108	(1,941)	(8,063)	1,062	(297)	(15,612)
2,117	(527)	(158)	451	(441)	(51)	164
(300)	—	(300)	(2,500)	13,900	8,200	4,200
(10,000)	(10,000)	(10,000)	(11,000)	—	(5,000)	—
$ 22,088	$ 18,928	$ 4,242	$ 2,591	$ 30,967	$ 14,228	$ (2,750)
$ 115,482	$ 122,562	$ 116,655	$ 120,317	$ 129,825	$ 100,999	$ 87,469
73,337	44,169	31,148	23,244	11,145	9,004	8,306
$ 188,819	$ 166,731	$ 147,803	$ 143,561	$ 140,970	$ 110,003	$ 95,775

Clockwise, Left to Right:

B. E. LANGFELDT, Senior Vice-President, Domestic Regions G. H. LENNARD, Vice-President and Regional General Manager, Quebec J. R. McSHERRY, Vice-President and Regional General Manager, Ontario Central F. S. DUNCANSON, Vice-President and Regional General Manager, Alberta and Northwest Territories A. W. MOYSEY, Vice-President and Regional General Manager, Manitoba J. A. C. HILLIKER, Senior Vice-President and Regional General Manager, British Columbia and Yukon Territory W. H. ARMSTRONG, Vice-President and Regional General Manager, Ontario East and North J. D. HAIG, Vice-President and Regional General Manager, Saskatchewan J. D. SIMPSON, Vice-President and Regional General Manager, Atlantic G. T. ORMSTON, Vice-President and Regional General Manager, Ontario West F. E. K. UDELL, Vice-President and Manager, Main Branch—Commerce Court

From Left Foreground, Clockwise:

C. M. LAIDLEY
Senior Vice-President, Loans and Investments

N. E. LANE
Vice-President, Investments

C. W. COLE
Vice-President, Investments

J. C. LOFQUIST
Vice-President, Consumer Finance

B. V. GESTRIN
Vice-President, Economics

B. W. BLANDFORD
Vice-President, Project Financing

C. N. PHIPPS
Vice-President, Credit

J. M. BROOKS
President, Kinross Mortgage Corporation

Left to Right:

D. A. LEWIS
Senior Vice-President, Marketing and Customer Services

J. F. DIXON
Vice-President, Marketing

J. P. MORETON
Vice-President, Business Development

G. B. SOTEROFF
Director, Public Relations

Left to Right:

D. J. GRIFFITHS
Vice-President, Europe

J. G. BICKFORD
Senior Vice-President, International Banking

R. A. McKERROLL
President, California Canadian Bank

C. J. SHIRLEY
Vice-President, International

Left to Right:
K. H. CUTT
Vice-President, Methods and Organization
D. G. KEAVENEY
Senior Vice-President, Administration
E. L. PURSEY
Controller

O. DUSKES
Vice-President, Premises (Left)
B. E. LANGFELDT
Senior Vice-President, Domestic Regions

E. S. DUFFIELD
Vice-President, Personnel (Left)
R. D. FULLERTON
Executive Vice-President and Chief General Manager

CANADIAN IMPERIAL
BANK OF COMMERCE

HEAD OFFICE: COMMERCE COURT, TORONTO, CANADA M5L 1A2
Cable Address CANBANK, TORONTO, CANADA
Telephone (Area code 416) 862-2211
Telex No. 02-2261 Answer-Back "Canbank Tor"

REGIONAL OFFICES

Atlantic	5171 George Street, Halifax, N.S.
Quebec	1155 Dorchester Blvd. W., Montreal, Que.
Ontario Central	Commerce Court, Toronto, Ont.
Ontario East and North	Commerce Court, Toronto, Ont.
Ontario West	Commerce Court, Toronto, Ont.
Main Branch—Commerce Court	Commerce Court, Toronto, Ont.
Manitoba	375 Main Street, Winnipeg, Man.
Saskatchewan	1867 Hamilton Street, Regina, Sask.
Alberta and Northwest Territories	309-8th Ave. S.W., Calgary, Alta.
British Columbia and Yukon Territory	640 Hastings Street, Vancouver, B.C.

BRANCHES IN CANADA

1,661 branches in Canada from the Atlantic to the Pacific, and from the United States border to within the Arctic Circle:

ALBERTA	185
BRITISH COLUMBIA	228
MANITOBA	86
NEW BRUNSWICK	26
NEWFOUNDLAND	18
NORTHWEST TERRITORIES	13
NOVA SCOTIA	36
ONTARIO	742
PRINCE EDWARD ISLAND	9
QUEBEC	204
SASKATCHEWAN	107
YUKON TERRITORY	7

INTERNATIONAL OFFICES

IN THE UNITED STATES

Banking Offices

New York, N.Y. — 22 William Street, New York, N.Y. 10005 (Agency)

Portland, Oregon — 504 S.W. Sixth Avenue, Portland, Oregon 97207

Seattle, Washington — 801 Second Avenue, Seattle, Washington 98111

Representative Offices

Chicago, Illinois — 135 South La Salle Street, Suite 4100, Chicago, Illinois 60603

Dallas, Texas — Suite 2750, One Main Place, Dallas, Texas 75250

Los Angeles, California — Suite 204, 700 South Flower Street, Los Angeles, California 90017

San Francisco, California — 340 Pine Street, San Francisco, California 94104

IN EUROPE

European Operations Office

London, England — 42 Moorgate, London, England, EC2R 6BP

Banking Offices

London, England — 2 Lombard St., London, England, EC3P 3EU
48 Berkeley Square, London, England, W1X 6HE

Paris, France — 19 Avenue Montaigne, 75008, Paris, France

Frankfurt, Germany — Bockenheimer Landstrasse 51-53, D6000 Frankfurt/Main, West Germany

Representative Offices

Brussels, Belgium — 15 Rue de La Loi, BTE 021, B 1040, Brussels, Belgium

Milan, Italy — Via V Pisani 19, 1 20124, Milan, Italy

Zurich, Switzerland — Bleicherweg 39, 8002, Zurich, Switzerland

IN THE MIDDLE EAST

Representative Office

Manama, Bahrain — Box 774, Manama, Bahrain

IN ASIA

Representative and Area Offices

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Representative Office

Tokyo, Japan — Suite 910, Kokusai Building, 1-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100, Japan

IN AUSTRALIA

Representative Office

Sydney, Australia — 16 O'Connell Street, Sydney, N.S.W. 2000, Australia

IN SOUTH AMERICA

Representative Office

São Paulo, Brazil — Rua Libero Badaro, 377-12°-cj 1203, CEP 01009-São Paulo (SP) Brazil

IN THE BAHAMAS AND WEST INDIES

Bahamas and Caymans Area Office — Bay and Parliament Streets, Nassau, Bahamas

Branches in Nassau, Potters Cay (New Providence Island); Freeport (Grand Bahama Island); Marsh Harbour (Abaco Island), Bahamas and George Town, Grand Cayman

Eastern Caribbean Area Office — Prince William Henry and Broad Streets, Bridgetown, Barbados

Branches in St. John's, Antigua; Bridgetown, Holetown, Speightstown, Worthing, Barbados; St. Georges, Sauteurs, Grenada; Castries, St. Lucia and Kingstown, St. Vincent

Jamaica Area Office — 121 Harbour Street, Kingston, Jamaica

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Trinidad and Tobago Area Office — 72 Independence Square, Port of Spain, Trinidad

Branches in Chaguanas, Marabella, Port of Spain, San Fernando, San Juan, Tunapuna, Trinidad and Scarborough, Tobago

TRUST OPERATIONS

A full range of trust services is available through offices in:

New York, N.Y.	Bridgetown, Barbados
Nassau, Bahamas	Kingston, Jamaica
George Town, Grand Cayman	Port of Spain, Trinidad

and offices of California Canadian Bank

CALIFORNIA CANADIAN BANK

(a wholly owned subsidiary)

Head Office: 340 Pine Street, San Francisco, California 94104

Branches in Belmont, Campbell, Concord, El Cajon, Lafayette, Los Angeles, Orange, Palo Alto, Pleasant Hill, Sacramento, San Diego, San Francisco, San Jose, San Mateo, San Rafael and Santa Rosa

21 BRANCHES IN CALIFORNIA

PRINTED IN CANADA

To Our Shareholders:

Total assets at April 30, 1975 exceed $20 billion and have increased 16% from a year ago. The more moderate rate of increase in Canadian loans referred to at the end of the first quarter was evident in the second quarter also, but there has continued to be a demand for large multi-currency term loans.

Balance of revenue for the second quarter of the year improved 31% over the levels of last year, a considerably better rate of increase than in the first quarter. Profit margins in Canadian operations benefited from the effect of a drop in the cost of some types of deposits, together with a higher level of those types of loans which are less sensitive to sharp declines in interest rates. The improvement in profit margins on our international operations continued through the quarter and contributed significantly to the gain in balance of revenue. However, operating costs other than interest continued to reflect the effects of inflation and increased 26% from a year ago.

Balance of revenue for the half-year increased 19% to $113 million. Because of the effect of the federal corporate surtax, the rate of provision for income taxes was 51% compared with 49% last year. Balance of revenue after tax improved 14% to $55 million or $1.58 per share, which compares with $1.38 per share last year.

There has been a marked decline in the level of economic activity, and the immediate outlook remains uncertain. The effect of cost inflation on businesses must continue to be a source of concern. Canada's prosperity is heavily dependent on trade across national borders, and continuation of recent cost trends will affect adversely the international competitive position of Canadian industry, with a related effect on the whole economy.

J. P. R. WADSWORTH
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

CANADIAN IMPERIAL
BANK OF COMMERCE

HEAD OFFICE
COMMERCE COURT
TORONTO, CANADA
M5L 1A2

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CANADIAN IMPERIAL
BANK OF COMMERCE

INTERIM REPORT

For the six months ended

April 30, 1975

CHAIRMAN
AND CHIEF EXECUTIVE OFFICER
J. P. R. WADSWORTH

VICE-CHAIRMAN
L. G. GREENWOOD

PRESIDENT
AND CHIEF OPERATING OFFICER
R. E. HARRISON

EXECUTIVE VICE-PRESIDENT
AND CHIEF GENERAL MANAGER
R. D. FULLERTON

STATEMENT OF REVENUE AND EXPENSES

(in thousands of dollars)

	For the three months ended April 30		For the six months ended April 30	
	1975	1974	1975	1974
REVENUE				
Income from loans	$370,103	$302,643	$777,814	$597,395
Income from securities	44,719	40,342	93,733	80,893
Other operating revenue	34,250	26,346	67,033	52,126
Total revenue	449,072	369,331	938,580	730,414
EXPENSES				
Interest on deposits and bank debentures	262,714	223,324	581,254	442,614
Salaries, pension contributions and other staff benefits	73,645	58,554	144,210	113,648
Property expenses, including depreciation	18,902	15,593	36,540	31,021
Other operating expenses, including provision for losses on loans based on estimated five-year average loss experience (note)	33,197	25,600	63,525	48,390
Total expenses	388,458	323,071	825,529	635,673
Balance of revenue	60,614	46,260	113,051	94,741
Provision for income taxes relating thereto	30,800	22,900	58,100	46,700
Balance of revenue after taxes (note)	29,814	23,360	54,951	48,041
Per share	86¢	67¢	1.58	1.38
Dividends declared	9,755	9,755	19,510	19,162
Per share	28¢	28¢	56¢	55¢

NOTE: In addition to the provision for losses included in other operating expenses, an appropriation is made out of earnings at each year-end to provide for losses not yet known which may be incurred on realization of existing loans, together with possible losses on securities and other assets. The amount of such appropriation, which must be taken into account in arriving at Balance of Profits, has not been provided for in the interim financial statements and will be determined at the end of the year.

BALANCE SHEET HIGHLIGHTS

(in millions of dollars)

	As at April 30		
	1975	1974	% Increase
Total assets	$20,210	$17,485	16
Total loans	12,420	10,618	17
Deposits			
In Canadian dollars	13,947	12,052	16
In foreign currencies (Canadian dollar equivalent)	4,350	4,039	8
Total deposits	18,297	16,091	14

The interim figures shown in this Statement are subject to year-end adjustment and audit.